Testimony of Julia Hughes

The U.S. Association of Importers of Textiles & Apparel (USA-ITA)

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Madam Chairman, Members of the Commission, thank you for the opportunity to testify today. I am Julia K. Hughes, President of the U.S. Association of Importers of Textiles and Apparel (USA-ITA). USA-ITA represents more than 200 apparel manufacturers and brands, retailers, distributors, importers, and related service providers, such as shipping lines and customs brokers. And I am accompanied today by USA-ITA's Washington Counsel, David Spooner, with Squire Sanders and Dempsey.

Apparel retailers and importers have long faced the United States' most onerous restrictions on imports of manufactured goods. For decades, from the mid-1950's to 2009, USA-ITA member companies dealt with a worldwide scheme of export quotas. These quotas raised prices and limited consumer choice. The quotas limited supply, of course, and forced apparel importers to pay a cost for the acquisition of quota.

As you may recall, in the mid-1980's, puffy winter coats with no sleeves became a fashion item. These ugly winter coats (and, yes, they were ugly) became ubiquitous because the government imposed quotas on imports of coats with sleeves. This is the choice consumers are faced with when the Commerce Department dictates our access to fashion through the imposition of import restraints.

There have been many changes since the very last special quotas – under the U.S. - China bilateral safeguard agreement – finally expired at the end of 2008. In these two years the U.S. textile industry did not lose competitiveness. And China did not become the sole supplier of textiles and apparel to the U.S. consumer. Instead the textile and apparel sector is a very positive role model for the elimination of special restrictions on trade.

But of course, as you know, that work is not over. The quotas may have gone away, but there still are import barriers that are unique to the apparel industry. USA-ITA member companies continue to face some of the United States' highest tariffs. The sector still accounts for some of the highest peaks in the U.S. tariff schedule, with many double-digit tariffs and a high of 32 percent.

These tariffs are a regressive tax. It is simply wrong for a single mom to pay a 32 percent import tax for her baby's onesies and a 16 percent tariff for her baby booties, while the wealthy pay a 1.2 percent tariff for their silk scarves. In total, tariffs take $x billion out of the pockets of hard-working Americans annually.

We also see that the United States' peak textile and apparel tariffs create problems for new policy initiatives to expand export markets for U.S. products. Market access for American brands and exports is hindered by prohibitively high tariffs in attractive third country markets such as India and Brazil. Our own peak tariffs only encourage other governments to maintain their own high apparel and textile tariffs to "protect" their domestic industries. American brands such as Levi's and Polo are among the most well-recognized brands in the world. American yarn spinners and fabric makers operate highly efficient operations that make them among the world's most competitive producers. For all of these companies, we need every opportunity to remove barriers to trade.

Perhaps more than any other purveyor of manufactured goods, retailers and apparel producers rely upon global supply chains. A bale of cotton may be grown in Texas, shipped to Europe to be made into yarn, shipped to Korea to be made into fabric, shipped to China to be made into apparel, and shipped back to the United States to be sold at retail in a store back in Texas. The safety and security of these global supply chains, which often encompass unstable nations, is paramount to the well-being of our member companies. USA-ITA member companies undertake extensive supply chain security measures, both to protect their own commercial interests and to protect U.S. infrastructure.

Nevertheless, apparel producers are concerned that the expiration of quotas has created an impetus for the imposition of non-tariff barriers that impede the free flow of apparel through the global supply chains of major brands and retailers. We worry that standards, labeling, overbroad security measures, and untargeted Customs enforcement measures, both in the United States and abroad, disproportionately impact apparel brands and retailers. Apparel, after all, is the most highly-traded product in the world, and textile manufacturers, both here and abroad, continue to seek protection from this competition.

One final point that we think is important to highlight in these opening remarks. Analysis of the trade in textiles and apparel shows that there is less reliance than expected on apparel production in the countries that are our partners in Free Trade Agreements and preference programs. The rules of origin and customs enforcement provisions for apparel in free trade agreements and preference programs are more convoluted and complicated -- and differ more amongst agreements -- than the rules for any other product, disrupting the supply chains of apparel brands and retailers and serving as a barrier to expanded trade. For this reason, USA-ITA member companies strongly support efforts, such as the ongoing TransPacific Partnership negotiations, to harmonize rules of origin and customs rules among our trading partners, as well as prospective efforts to reform and harmonize the rules of the United States' trade preference programs with Africa, the Caribbean, and the Andean countries.

Madam Chairman, Members of the Commission, USA-ITA will supplement this testimony with a post-hearing brief, but I thank you for the opportunity to testify and we look forward to any questions.